

Message Text

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PAGE 01 STATE 032674

63

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TAGS:AORG, OECD, NATO

SUBJECT: COST-OF-LIVING SALARY ADJUSTMENT PROCEDURE

REF: USNATO475

1. DEPARTMENT WAS PLEASED WITH 123RD REPORT OF CCG WHICH RECOMMENDED, INTER ALIA, THAT COST-OF-LIVING ADJUSTMENT FOR PROFESSIONAL STAFFS OF OECD, NATO, AND OTHER COORDINATED ORGANIZATIONS BE SCALED DOWN FROM 100 PERCENT TO 75 PERCENT.

2. OECD DEPUTY-SECGEN WOOTTON WHO SERVES AS SPOKESMAN FOR SECGENS OF COORDINATED ORGANIZATIONS IN CCG, WILL BE IN WASHINGTON LATER THIS MONTH. WE WISH TO MAINTAIN OUR LIMITED OFFICIAL USE

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PAGE 02 STATE 032674

SUPPORT FOR 123RD REPORT AT LEAST UNTIL AFFDTER WE HAVE HAD

OPPORTUNITY TO DISCUSS IT WITH WOOTTON AND TO STRESS IMPORTANCE WE PLACE ON CURBING GROWTH OF SALARIES AND BENEFITS OF SENIOR INTERNATIONAL STAFFERS.

3. THEREFORE, US DEL TO FEBRUARY 11-12 MEETING SHOULD REITERATE WASHINGTON SUPPORT FOR 123RD REPORT. HOWEVER, YOU ARE AUTHORIZED TO EXPLORE INFORMALLY WITH OTHER DELS AND REPRESENTATIVES OF SECGENS, ANY ALTERNATIVE APPROACHES TO SALARY ADJUSTMENT THAT WILL MEET OUR BASIC OBJECTIVE

(SEE BELOW), YET BE MORE PALATABLE TO SECGENS AND STAFF ASSOCIATIONS.

4. FYI. WE NOTE THAT REPORT OF WORKING PARTY 13 (CCG/W/75/67), WHICH EXAMINES QUESTION OF RELATIONSHIP BETWEEN SALARY TRENDS IN CCG ORGANIZATIONS, SALARY TRENDS IN EUROPEAN CIVIL SERVICES, AND THE EVOLUTION OF CONSUMER PRICES IN EUROPE, DID NOT FULLY SUPPORT THESIS WE AND OTHERS HAD ADVANCED THAT 100 PERCENT COL ADJUSTMENT NOT JUSTIFIED BECAUSE FISCAL DRAG RESULTS IN LOWER NET INCREASES IN NATIONAL CIVIL SERVICE SALARIES.

5. YOU SHOULD BE AWARE THAT OUR PRINCIPAL CONCERN IS THAT SENIOR-LEVEL SALARIES ARE SIMPLY TOO HIGH AND THAT 100 PERCENT COL ADJUSTMENTS WOULD ALMOST CERTAINLY ENSURE THAT THEY REMAIN HIGH. ON THE OTHER HAND, LOW -- OR NO -- COL ADJUSTMENTS WOULD INCREASE OUR OPPORTUNITIES TO LIMIT THE GROWTH OF SENIOR LEVEL SALARIES.

6. REFTTEL NOTES GROWING SUPPORT FOR ANNUAL "COMPARABILITY" OR STANDARD OF LIVING REVIEWS, COUPLED WITH SEMI-ANNUAL COST-OF-LIVING ADJUSTMENTS. FRANKLY, IF SOL REVIEW BECOMES ANNUAL AFFAIR, WE QUESTION NEED FOR ANY COL ADJUSTMENT. DO NATIONAL SERVICES RECEIVE TWO PAY ADJUSTMENTS PER YEAR?

7. LOOKED AT ANOTHER WAY, HOWEVER, A REGIME OF ANNUAL STANDARD-OF-LIVING REVIEWS, COUPLED WITH A SEMI-ANNUAL COL REVIEW WOULD REDUCE THE INFLUENCE OF COL REVIEWS ON SALARY LEVELS CONSIDERABLY)I.E., ASSUMING A CONSTANT LIMITED OFFICIAL USE

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PAGE 03 STATE 032674

RATE OF INFLATION, A SINGLE COL ADJUSTMENT AT MID-YEAR, EVEN OF 100 PERCENT WOULD ADJUST FOR ONLY 50 PERCENT OF THE ANNUAL RISE IN CONSUMER PRICES). HAS THIS DAWNED ON THE SECGENS AND DOES IT ACCOUNT FOR ADAMANT POSITION TAKEN BY WOOTTON AT JANUARY 26-27 MEETING?

8. WE WOULD APPRECIATE US DEL'S ANALYSIS OF EXTENSIVE COMPARISONS BETWEEN CCG COMPENSATION AND NATIONAL CIVIL

SERVICE COMPENSATION CONTAINED IN CCG/W/75/67. DOES

DATA PROVIDE FACTUAL BASIS ON WHICH TO ARGUE OUR CASE,
PUTTING ASIDE THE MATTER OF FISCAL DRAG? IN PARTICULAR,
YOUR ANALYSIS SHOULD CONCENTRATE ON LEVELS OF COMPENSATION,
WHICH SEEM TO US TO DEMONSTRATE CLEARLY THAT CCG PROFES-
SIONAL EMPLOYEES ARE BEING OVER-COMPENSATED IN COMPARISON
WITH NATIONAL CIVIL SERVANTS PERFORMING AT COMPARABLE
LEVELS. END FYI. KISSINGER

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